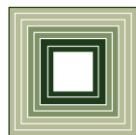


Grant Expenditures on the Health Benefit Exchange

Joint Meeting of HHS & IT Oversight Committees

December 13, 2011



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Description of Health Benefit Exchange

Source: N.C. Institute of Medicine

The Affordable Care Act (ACA) includes provisions to create a health benefit exchange (HBE). The HBE will help individuals and small businesses purchase coverage by providing standardized information to help consumers compare plans. In addition, some people will be eligible for subsidies to help them purchase health insurance coverage. Individuals will be able to apply for health insurance coverage online. Those who qualify for public coverage (ie, Medicaid or NC Health Choice) will be enrolled into the public insurance programs; and those who qualify for a subsidy will receive help paying for private coverage offered through the HBE.

Funding

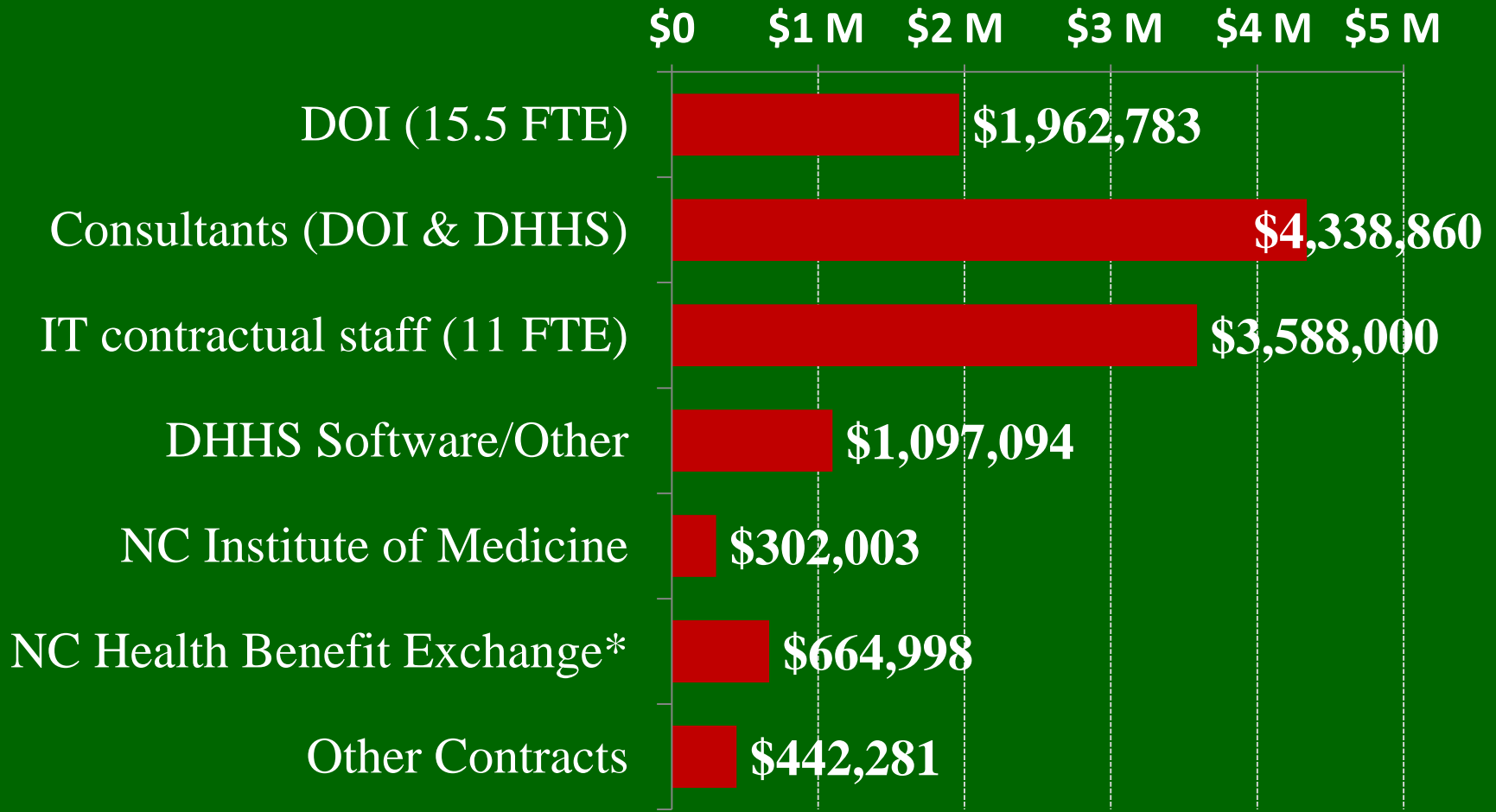
- Federal funds for planning and implementation are available to states that meet set deadlines.
- DOI received \$1 million grant in 2010.
- DOI received \$12.4 million Level One grant in 2011.
- Level One grants provide up to one year of funding to states that have made some progress under their Exchange planning grant.
- Legislation establishing an Exchange must be enacted by 6/29/12 in order to receive further federal funding.

Proposed Expenditures by Entity

Entity	Budget
NC Department of Insurance*	\$7,603,483
NC Department of Health & Human Services*	\$3,393,254
NC Health Benefit Exchange (2.5 mos. operation)*	\$664,998
NC Agency for Public Telecommunications	\$432,281
NC Institute of Medicine	\$302,003
TOTAL	\$12,396,019

*includes contracts/consultants

Major Expenditure Categories



DOI: Positions & Consultants

- 25% of 2 existing positions – **total \$70,387:**
 - Health Actuary/Exchange Establishment Asst. Dir.
 - Healthcare Attorney/Exchange Establishment Project Dir.
- 15 new positions – **total \$1 million**
- Consultants – Market Reform, Implementation, Evaluation, Benefit, Cost/Benefit – **cost \$3.9 million**

DOI Budget:

ITS Supplemental Staff Contract

	Hours	Hourly Rate	Annual Cost	FTE	Total Cost
Project Manager	2,080	\$175	\$364,000	1	\$364,000
Business Analyst	2,080	\$100	\$208,000	4	\$832,000
Technical Analyst	2,080	\$125	\$260,000	2	\$520,000
Total	6,240		\$832,000	7	\$1,716,000

DHHS Contract: \$3.4 million

- **Scope of Work:** Develop requirements for HBE eligibility functions and incorporate into NC FAST development process. Support program integration activities and background research.
- **Cost Allocation:** A separate Responsibility Cost Center (RCC) will be established to track NC FAST expenditures relative to the Exchange. Salaries and fringe benefits will be based on time entry from the DHHS DIRM NIKU Project Time Keeping System for the NC FAST Program Director and NC FAST Senior Project Manager. Contractors and Consultant will be dedicated to this effort. Cost and other related expenditures will be direct charged to this RCC.

DHHS: Positions & Consultants

- 25% of 2 existing positions – **total \$69,000:**
 - NC FAST Program Director
 - NC FAST Sr. Project Manager
- Consultants (primarily PCG) - Interface Project Management, NC FAST progress updates, Public-private insurance assessment, DHHS customer service impact analysis, "No Wrong Door" appeals process mapping – **cost \$424,160**

DHHS: Cúram Contractors

Contractual Positions (all certified in Cúram)	Hours	Loaded Hourly Rate	Annual Cost
NC FAST Benefit Exchange Business/Technical Lead	2,080	\$150	\$312,000
Business Analyst/Design Specialist	2,080	\$250	\$520,000
Business Analyst/Design Specialist	2,080	\$250	\$520,000
Technical Analyst/Architect	2,080	\$250	\$520,000
Total IT Contracts			\$1,872,000

DHHS: Cúram Software Module

As specified in grant application budget document:

\$1 Million Cúram Software Module:

- 1) Upgraded rules for Global Medical Assistance to support Health Insurance Exchange; covered under new version protection
- 2) Connector software which will connect the Cúram Global Medical Assistance with the user interface, search and shop engine, insurance financials, any legacy systems required and NC's enterprise service bus.

DHHS: Cúram Software Module

As specified in grant application budget document:

- 3) User interface for citizens which integrates the application, eligibility determinations, shop and search, shop and comparison and view of payment features
- 4) Public access for citizens
- 5) External user access for Navigators, Brokers, CBO's insurance companies
- 6) Licenses for NCHBE users

In future years, the standard of 20% for new version protection and maintenance and support will apply.